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HIGHLIGHTS

1982 Ontario Budget



The Honourable
Frank S. Miller,
Treasurer
of Ontario



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A Message From The Treasurer of Ontario

The 1982 Ontario Budget, my fourth as Treasurer of Ontario, was crafted in the face of difficult economic circumstances. There is no doubt the challenges for Ontario's economy are large, but I am confident that this Budget will better enable us to meet these challenges.

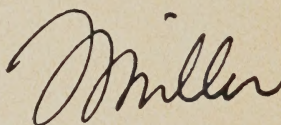
The major theme of the Budget is creating jobs. A program of short-term job creation provides a bridge for 31,000 Ontarians to the expected economic recovery. Interest-free loans to encourage new house sales and the removal of corporate income tax for small business will also contribute to employment creation in Ontario. A planned increase in the deficit will stimulate economic activity in general.

At the same time, I am concerned about the need to control inflation. I have carefully contained the growth in public expenditure to manageable limits and provided for a modest number of revenue increases. I have introduced other taxation policies to improve the climate of confidence. A policy of wage restraint

proposed for Members of the Legislature and senior civil servants shows this Province's continued willingness to take the tough steps that are critical to reducing inflationary demands on the economy.

All Ontarians recognize that no one province can solve all the problems of the economy. I firmly believe, however, that the 1982 Budget of the Province of Ontario maintains Ontario's tradition of solid fiscal management, while improving our economic and employment prospects.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Miller". The signature is written in dark ink on a light-colored, textured paper background.

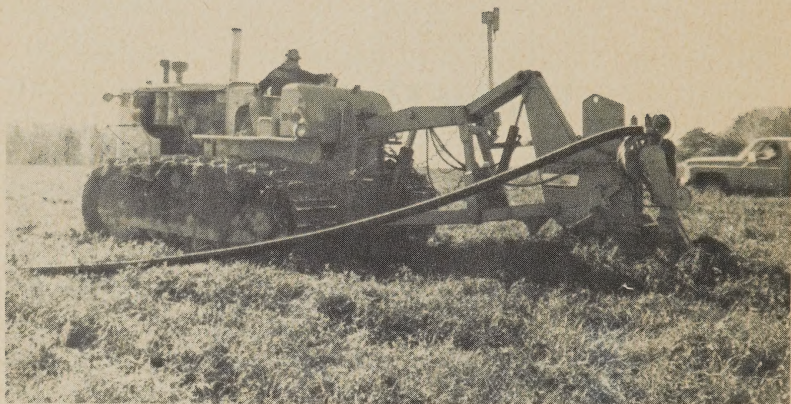
Budget Highlights

Towards Economic Recovery

The Province is responding to current economic conditions with a \$171 million program of temporary job-creation measures. These measures have been carefully designed to achieve the maximum impact per dollar of expenditure and are targeted on those sectors of the economy where the greatest need for job creation exists.

This four-point program includes:

- a \$15 million fund to finance continued Provincial participation in innovative uses of federal UIC funds, with a target of 6,000 jobs;
- the acceleration of \$133 million in public investment projects, resulting in 14,500 temporary jobs. The emphasis will be on:
 - accelerating repairs and additions to public buildings;
 - increased funds for highways, municipal bridges and water and sewage treatment projects; and,
 - financial support for renovation and repair projects sponsored by municipalities, school boards, universities and colleges;
- a 14.2 per cent increase in the allocation for youth employment, so that some 93,000 young people in total will get needed job experience; and,
- the creation of 2,100 rural jobs via a substantial enrichment in the funding for tile drainage and the implementation of a new Farmstead Improvement Program.



Restoring a Climate of Confidence

A climate of confidence, in which investors and business will commit resources to the creation of jobs and wealth, is essential to Ontario and Canada.

Through the Board of Industrial Leadership and Development, the Province has made a major commitment to supporting long-term economic development. In addition, the Budget proposes to forgo \$135 million in tax revenue by not paralleling, in Ontario's corporate income tax, certain damaging federal tax initiatives.

- The tax depreciation in the year capital assets are acquired will not be reduced.
- No change will be made to the definition of resource income for the steel industry.
- No change will be made to existing reserve provisions.

To increase the supply of much-needed equity capital for private sector job creation, the federal government is strongly urged to implement a national program of personal income tax incentives for equity investment. Ontario is committed to bear its share of any such program.

Ontario Stands Behind its Small Business Sector

In order to improve the confidence of small businessmen and encourage them to continue providing jobs for over one-half of Ontario's workers, the Budget removes the Ontario corporate income tax on small business for the next two taxation years. Some 60,000 small businesses will benefit from this measure.



Improving Confidence and Creating Jobs

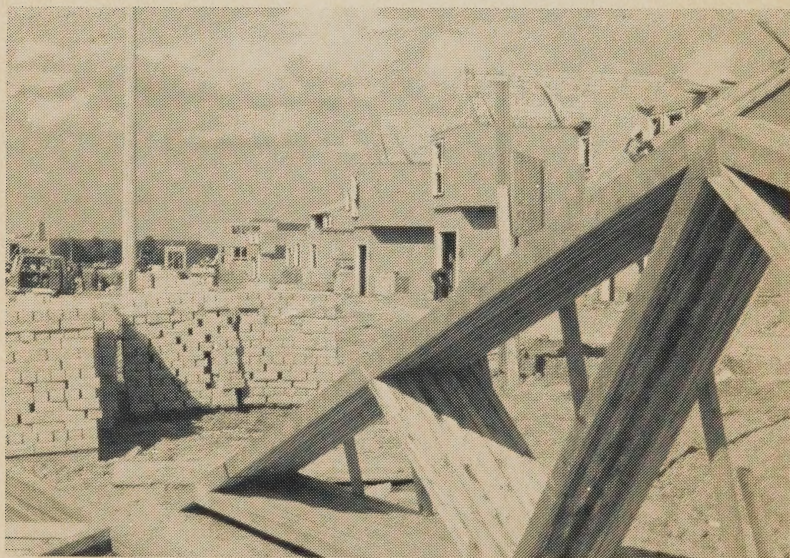
	1982-83 Cost
	(\$ million)
Short-Term Job Creation	171
Removal of Tax for Small Business	250
Ontario Renter-Buy Program	75
CIT Support for Manufacturing	135
Total	631

Assisting New Home Buyers

To further stimulate employment and maintain a viable residential construction industry, the 1982 Ontario Budget announces the Ontario Renter-Buy Program.

Under this Program, persons who have been renting for at least 12 months or who have not previously owned a home, will receive an interest-free loan of up to \$5,000 upon purchase of a new home. Assistance will be limited to new homes costing up to \$115,000 in and around Metro Toronto and \$90,000 in the rest of the province.

This \$75 million incentive to new home buyers will assist in the purchase of 15,000 new homes, representing 38,000 man-years of employment. As well, up to 15,000 rental units could be freed up for those seeking rental accommodation.



Ontario Creates Jobs



For Young People

Ontario's 1982 Short-Term Job-Creation Programs

	Funding Level	Number of Temporary Jobs
	(\$ million)	
Co-operative Projects Employment Fund	15.0	6,000
Accelerating Capital Projects	133.0	14,500
• Road Projects	60.5	2,475
• Repairs to University and College Buildings	10.0	2,000
• Water and Sewage Projects	5.6	600
• Renovations and Repairs to Public Buildings	9.9	575
• Repairs to Schools	5.0	1,000
• Local Government Projects	35.0	7,500
• Upgrading of Forest and Fisheries Resources	7.0	350
Youth Programs Enrichment	12.0	8,400
Farm Improvement	11.0	2,100
Total	171.0	31,000

Maintaining Ontario's Record of Fiscal Responsibility

To finance needed job creation and the maintenance of a high level of public services, and in response to federal cutbacks in transfer payments to the Province, the 1990 budget proposes certain modest revenue increases.

- To help offset the loss of revenue through federal cutbacks, the provincial retail sales tax will be increased by \$230 million by including a number of items not previously subject to sales tax. Examples of these items include:
 - plants and household pets;
 - magazines sold through retail outlets;
 - certain personal hygiene and household cleaning products;
 - the labour content of repairs to such things as cars, trucks and most appliances; and,
 - building materials purchased by municipalities and other public bodies.
- All prepared food and meals will be taxable at 7 per cent under the retail sales tax, generating an additional \$110 million.
- OHIP premiums will increase by \$4 per month and \$8 per month for single persons and families respectively, yielding \$170 million.
- Mark-ups are increased on domestic and imported spirits and domestic beer, yielding \$27 million.
- The tax on cigarettes is increased from 36 per cent to 40 per cent, while that on cut tobacco is increased from 30 per cent to 40 per cent, for a total of \$30 million.

The Budget introduces \$10 million worth of retail sales tax reductions by extending the exemption for propane and other alternative fuel-powered cars and by reducing the tax rate to 5 per cent on accommodations.

Ontario Continues to Lead the Fight Against Inflation

While focusing on job creation, the Budget's actions are taken against the backdrop of the need to control inflation. The forecast inflation rate of 10.5 per cent is an improvement over last year but still is cause for concern. Increased investment, lower interest rates and continued responsible management of government expenditures are important to achieve still further reductions in inflation. It is equally important that those who are employed, both in the private and public sector, exercise restraint.

To continue Provincial leadership in the fight against inflation, the Budget proposes that salary increases for Members of the Legislature and senior levels of the public service be held to six per cent. While no legislation is introduced at this time, other public agencies, such as school boards, hospitals and universities, are requested to follow suit.

A Fiscal Plan in Tune with the Needs of Ontario

The 1982-83 planned deficit of \$2.2 billion reflects a growth in expenditures of 11.6 per cent, coupled with a revenue growth of 9 per cent. This fiscal stance will provide needed economic stimulus while maintaining the Province's solid financial position.

Ontario's 1982-83 Fiscal Plan

(\$ million)

	Interim 1981-82	Estimated 1982-83	Year-to-Year Change
Revenue	18,855	20,545	+1,690
Expenditure	20,415	22,777	+2,362
Net Cash Requirements	1,560	2,232	+ 672
Net Non-Public Borrowing	1,425	1,864	
Net Public Borrowing	- 62	- 47	
Reduction in Liquid Reserves	197	415	
Total Financing	1,560	2,232	

Budget Summary

- It provides investment incentives to create jobs in the future.
- It shows leadership in restraining the public sector.
- It provides for an expansionary deficit to stimulate the economy, while remaining true to our solid tradition of sound financial management.
- It continues and strengthens our commitment to the farming community.
- It avoids major tax increases or reductions in public services despite federal cutbacks.
- It helps to restore confidence in our manufacturing industries.
- It creates 31,000 temporary jobs in Ontario.
- It helps 15,000 families buy new homes and creates thousands of needed jobs in the construction industry.
- And, it totally eliminates Provincial corporate income tax on our small businesses.

The Ontario Economy, 1982

	1982	Growth over 1981
	(\$ billion)	(per cent)
Total Output		
Gross Provincial Product	135.5	9.5
GPP (constant 1971 dollars)	50.0	-0.9
Investment		
Machinery and Equipment	11.9	7.6
Non-Residential Construction	8.9	12.2
Residential Construction	4.2	11.1
Other Components of Demand		
Housing Starts—Units (000)	50.0	—
Retail Sales	37.2	10.1
Exports	44.6	5.1
Imports	36.5	2.0
Income		
Personal Income	117.8	11.5
Corporate Profits (before taxes)	11.6	-7.1
Prices		
Consumer Price Index	—	10.7
Jobs		
Labour Force (000)	4,542	1.4
Employment (000)	4,196	0.2
Unemployment Rate (% of labour force)	7.6	—

